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Payday Loan Scammers Use Fear to Cash-in

By Nebraska Attorney General Jon Bruning

In these tough economic times, some Nebraskans are struggling to make ends meet. Families work hard for their paychecks and look for ways to stretch every dollar. Unfortunately, scammers are finding ways to steal hard-earned cash from those who are facing financial hardships.

In the past 30 days, our mediation center has received more than 20 reports of payday loan collection scams targeting Nebraskans.

In these scams, a caller claims that the victim is delinquent in a payday loan that must be repaid immediately to avoid legal consequences. The scammers pose as representatives of the FBI, a law firm or another legitimately-named agency. The scammers claim to be collecting debts for companies such as United Cash Advance, U.S. Cash Advance, U.S. Cash Net and other Internet check cashing services.

One of the most insidious aspects of this scam is that the callers have accurate information about the victims, including: Social Security numbers, dates of birth, addresses, employer information, bank account numbers, and names and telephone numbers of relatives and friends. According to the FBI, fraudsters may be obtaining the victims' personal information from completed online applications for other loans or credit cards.

The fraudsters relentlessly call the victim's home, cell phone and place of employment. They refuse to provide to the victims any details of the alleged payday loans and become abusive when questioned. The callers threaten victims with legal actions, arrests and, in some cases, physical violence if payment is not received. In many cases, the callers resort to harassment of the victim's relatives, friends and employers.

Some fraudsters instruct victims to fax a statement agreeing to pay a certain dollar amount, on a specific date, via prepaid visa card. The scammers also require a statement declaring that the victim will never dispute the debt.

These telephone calls are an attempt to obtain payment by instilling fear. If you receive a similar call, do not follow the instructions of the caller. Instead:

- Contact the payday lender directly to verify outstanding debt.
- Contact your banking institutions.
- Contact the three major credit bureaus and request an alert be put on your file.
- Contact your local law enforcement agencies if you feel you are in immediate danger.
- File a complaint at www.IC3.gov.

For more information, contact our Consumer Protection Division or file a complaint at www.ago.ne.gov.